



CLIMATE WATCH

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Executive Director's Column

INC 10 NEARS, ADEQUACY ISSUE PERSISTS

By John Shlaes

U.S. government officials early this year publicly called the commitments made by the United States and other developed countries under the United Nations Framework Convention on Climate Change inadequate because they do not address measures to be taken beyond the year 2000. With the tenth meeting of the Intergovernmental Negotiating Committee (INC) now on the horizon, the U.S. delegation must revisit the so-called adequacy issue with caution.

Indeed, judgements on the adequacy of current commitments are premature — and dangerous, as they threaten to derail the U.S. voluntary approach to emissions controls and other plans that are already in motion.

The Framework Convention spells

out clearly that a review of the adequacy of commitments will begin at the first session of the Conference of the Parties to the Treaty (COP 1) now scheduled for March 1995. In addition to reviewing the "relevant technical, social and economic information," COP 1 will review the "best available scientific information" on climate change and its impacts. This task will be carried out, in part, by the Intergovernmental Panel on Climate Change (IPCC), whose next regular scientific assessment is not scheduled to be completed until the fourth quarter of 1995. A special interim report by the IPCC will not be available until late

1994. These scientific assessments may prove critical to a determination of treaty adequacy.

Under the treaty, at its first meeting and periodically thereafter, the COP will review the policies of developed countries to determine whether they will achieve the treaty objective of stabilizing atmospheric greenhouse gas concentrations at a level that will prevent dangerous interference with the climate. To date, science has been unable to establish what qualifies as a dangerous level.

"To date, science has been unable to establish what qualifies as a dangerous level [of greenhouse gas concentrations]. This makes a judgement on the adequacy of commitments logically impossible."

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National Action Plans, satisfying the commitments of developed nations to report on efforts to limit greenhouse emissions, will also be essential to a determination of

adequacy. These plans are not due until September 1994. Furthermore, the Clinton administration's Climate Change Action Plan, expected to be a part of the U.S. National Action Plan, was only introduced in October 1993. Clearly, the plan's voluntary programs will be ongoing, with impacts well beyond the year 2000. To conclude that these efforts are inadequate, even before they are really under way, could be seen as a repudiation of the voluntary approach and have a chilling effect on industry participation.

Also important, there has been no

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DOE PROPOSES GREENHOUSE GAS REPORTING GUIDELINES

The Department of Energy (DOE) recently proposed guidelines for reporting reductions in greenhouse gas emissions and sequestration programs. Called for under the Energy Policy Act of 1992, the guidelines allow for the voluntary reporting of emissions reductions as long as the entity making the report can "define a project and report physical data in enough detail to quantify results of the activity." In an effort to further expand participation in this program, the guidelines also allow for reporting to occur through third parties, such as trade organizations, which can combine data from multiple entities.

The guidelines also establish the gases that will be included in the program: carbon dioxide, nitrous oxide, methane and halogenated carbon substances. Both direct and indirect emissions, as well as sequestration activities related to these gases are covered in this program.

DOE is providing for a narrow scope of reporting on a project level. Allowing companies to report emissions reductions on a project basis provides needed flexibility and allows growing entities to be able to report within the program even while their total emissions are increasing.

A public hearing was held on June 29 in Washington, D.C., to solicit outside views on the proposed rules. Among those testifying was GCC Executive Director John Shlaes. Mr. Shlaes praised the flexibility that has been included in the program, noting that this will encourage greater business and industry participation.

Shlaes noted that maintaining some flexibility and not requiring entities to report their total greenhouse gas

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COST OF EMISSIONS CUTS DECLINES WITH DELAY, OTA REPORTS

A recent report by the Office of Technology Assessment (OTA), the analytical arm of Congress, refutes the conventional wisdom that delaying greenhouse gas emissions reductions for 10 to 20 years would have irreversible consequences. The report notes that "there is a broad consensus that even given a specified control level, phasing in controls over several decades would be much cheaper than a faster program, due to lower adjustment costs, technological progress, and discounting."

The OTA goes on to say that delays of 10 to 20 years in enacting emissions controls will make little difference in atmospheric concentrations of greenhouse gases at the end of the next century. The report estimates that a delay of 20 years in controlling emissions to a specific level would increase atmospheric concentrations by about 10 percent, an increase OTA deems "innocuous."

The paper is based on information gathered at an April 23, 1993, OTA-sponsored workshop entitled "Climate Treaties and Models," which looked at a number of climate change-related issues by bringing together experts in modeling, environmental policy, and international negotiations and law.

These experts not only looked at the cost and effect of a delay in implementing greenhouse gas emissions restrictions, but examined the implications of international agreements that would be necessary for effective emissions reductions.

It was noted that the necessary distribution of costs among regions from emissions control obligations shifts over time and, therefore, no simple system is likely to remain acceptable over the next century. The experts determined that this almost necessitates that any credible system with international controls be designed with enough flexibility to allow renegotiation as conditions change.

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Convention Countdown*

(Ratifications of the Climate Change Convention through July 1994)

- | | |
|------------------------------------|---------------------------------------|
| 1) Mauritius (9/4/92) | 41) Micronesia (11/18/93) |
| 2) Seychelles (9/22/92) | 42) Sudan (11/19/93) |
| 3) Marshall Islands (10/8/92) | 43) Sri Lanka (11/23/93) |
| 4) United States (10/15/92) | 44) United Kingdom (12/8/93) |
| 5) Zimbabwe (11/3/92) | 45) Germany (12/9/93) |
| 6) Maldives (11/9/92) | 46) Switzerland (12/10/93) |
| 7) Monaco (11/24/92) | 47) Republic of Korea (12/14/93) |
| 8) Canada (12/4/92) | 48) Netherlands (12/20/93) |
| 9) Australia (12/30/92) | 49) Denmark (12/21/93) |
| 10) China (1/5/93) | 50) Portugal (12/21/93) |
| 11) Saint Kitts and Nevis (1/7/93) | 51) Spain (12/21/93) |
| 12) Antigua and Barbuda (2/2/93) | 52) E.U. (formerly E.E.C.) (12/21/93) |
| 13) Ecuador (2/23/93) | 53) Cuba (1/5/94) |
| 14) Fiji (2/25/93) | 54) Mauritania (1/20/94) |
| 15) Mexico (3/11/93) | 55) Botswana (1/27/94) |
| 16) Papua New Guinea (3/16/93) | 56) Hungary (2/24/94) |
| 17) Vanuatu (3/25/93) | 57) Paraguay (2/24/94) |
| 18) Cook Islands (4/20/93) | 58) Austria (2/28/94) |
| 19) Guinea (5/7/93) | 59) Brazil (2/28/94) |
| 20) Armenia (5/14/93) | 60) Argentina (3/11/94) |
| 21) Japan (5/28/93) | 61) Malta (3/17/94) |
| 22) Zambia (5/28/93) | 62) Barbados (3/23/94) |
| 23) Peru (6/7/93) | 63) France (3/25/94) |
| 24) Algeria (6/9/93) | 64) Bahamas (3/29/94) |
| 25) Saint Lucia (6/14/93) | 65) Ethiopia (4/5/94) |
| 26) Iceland (6/16/93) | 66) Italy (4/15/94) |
| 27) Uzbekistan** (6/20/93) | 67) Bangladesh (4/18/94) |
| 28) Dominica** (6/21/93) | 68) Ireland (4/20/94) |
| 29) Sweden (6/23/93) | 69) Malawi (4/21/94) |
| 30) Norway (7/9/93) | 70) Nepal (5/2/94) |
| 31) Tunisia (7/15/93) | 71) Finland (5/3/94) |
| 32) Burkina Faso (9/2/93) | 72) Luxemborg (5/9/94) |
| 33) Uganda (9/8/93) | 73) Pakistan (6/1/94) |
| 34) New Zealand (9/16/93) | 74) Chad (6/7/94) |
| 35) Mongolia (9/30/93) | 75) Romania (6/8/94) |
| 36) Czech Republic (10/7/93) | 76) Gambia (6/10/94) |
| 37) Tuvalu (10/26/93) | 77) Liechtenstein (6/22/94) |
| 38) India (11/1/93) | 78) Trinidad and Tobago (6/24/94) |
| 39) Nauru (11/11/93) | 79) Benin (6/30/94) |
| 40) Jordan (11/12/93) | 80) Malaysia (7/13/94) |

* Fifty ratifications were achieved on December 21, 1993, and the Convention entered into force 90 days later on March 21, 1994. All of the countries on this list are therefore legally bound by the terms of the Convention.

** Accession

Only signatories of the U.N. Framework Convention on Climate Change may attend the Conference of the Parties meeting in Berlin in March 1995.

INTERNATIONAL UPDATE

GERMANY, FRANCE
ADVOCATE EU
CARBON TAX

German Chancellor Helmut Kohl and French President Francois Mitterand, whose countries will lead the European Union for the next year, have agreed to support a "green" tax on carbon dioxide. The two leaders expressed general support for the proposal, leaving the details to be negotiated later. Carbon taxes were first proposed in the European Union in 1991, but no progress was made until the issue was revived recently by Greece.

The German administration began July 1, and officials have already said that negotiators from the environmental, financial and economic ministries of the 12 EU countries may start discussions on a carbon tax this summer. No date has been set for implementation, and important aspects of the tax still need to be worked out. Officials note that a decision could be reached by June 1995.

Earlier this year, however, 23 energy ministers attending a meeting of the International Energy Agency (IEA) concluded that an international carbon tax is not a feasible option. Carbon taxes have faced widespread opposition throughout Europe, where many industries already are grappling with crippling environmental costs. This opposition created a situation where the energy ministers felt an agreement was not possible at the time.

Nevertheless, carbon taxes are far from a dead issue worldwide. The IEA member states remain committed to the goal of stabilizing CO₂ emissions by the turn of the century and plan to release specific reduction proposals in September. Switzerland, which hosted the recent IEA meeting, plans to propose its own carbon tax next year.

Outside the EU, Australia's new Federal Environment Minister, Senator John Faulkner, announced on April 24 that he supports a tax on energy use and other "economic instruments" to protect the environment. However, Foreign

Minister Gareth Evans recently stated that Australia may renounce its commitment to the climate change convention if the agreement's requirements jeopardize the country's economy.

Sources: Coal & Synfuels Technology, April 4, 1994; Sydney Australian, April 25, 1994; The Energy Report, July 18, 1994. ●

NETHERLANDS POWER
PLANT TO BURN
WASTE WOOD

An existing Netherlands power plant is being converted to run on a combination of scrap wood and coal, allowing waste wood to be used as a potential fuel in the future. The modifications, which are projected to cost around 30 million guilder (\$16 million), are expected to be completed by May 1995.

It is estimated that east Netherlands alone produces around 240,000 tons of waste wood per year from manufacturing, construction and packaging industries. Currently this waste is disposed of mainly in landfills, where it breaks down into two greenhouse gases, methane and carbon dioxide. However, when the scrap wood is burned for energy, only the carbon dioxide that was absorbed by the trees during growth is emitted.

The benefits achieved by the modifications are not only environmental, but economic as well. By using scrap material, the fuel cost is very low and few modifications are needed to convert most existing power plants. ●

DANISH GOVERNMENT
HIKES CARBON TAXES AT
EXPENSE OF JOBS

The Confederation of Danish Industries estimates that the Danish government's decision to raise the nation's tax on carbon emissions may cost that country 8,000 jobs (a 3 percent increase in unemployment, according to the

Danish embassy). Danish government officials have acknowledged that some job loss may result from the tax hike, which could raise the CO₂ tax by as much as six times the current amount, from the equivalent of \$16 to \$96 per ton.

The taxes are being implemented whether or not other European Union countries initiate carbon taxes of their own. Danish Economy Minister Marianne Jelved said, "No matter what the other [European Union] countries do and how much Danish industry complains, the new environment taxes will be implemented."

Jelved went on to say, "It is obvious that some companies may be so burdened by environment taxes that they will get unprofitable. But then they must close, for if we are not willing to take the consequences of our wish to get a cleaner environment, then it is no use at all." ●

WORTH QUOTING

"If China alone achieves its targeted economic growth rate of 6 percent a year over the next 10 to 15 years, it will require the equivalent of 200 new coal-fired power generating stations of 100 megawatts each. This ... would create carbon dioxide emissions that would cancel out virtually all the greenhouse gas reduction efforts of the OECD countries."

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GLOBAL TEMPERATURES REMAIN BELOW AVERAGES

Temperature readings taken from the National Oceanic and Atmospheric Administration's TIROS-N satellites for the month of May continue to show temperatures below the 10-year monthly average. For May, the global average temperature was -0.107°C below the 10-year average. In April, the global average temperature was -0.095°C below the 10-year average.

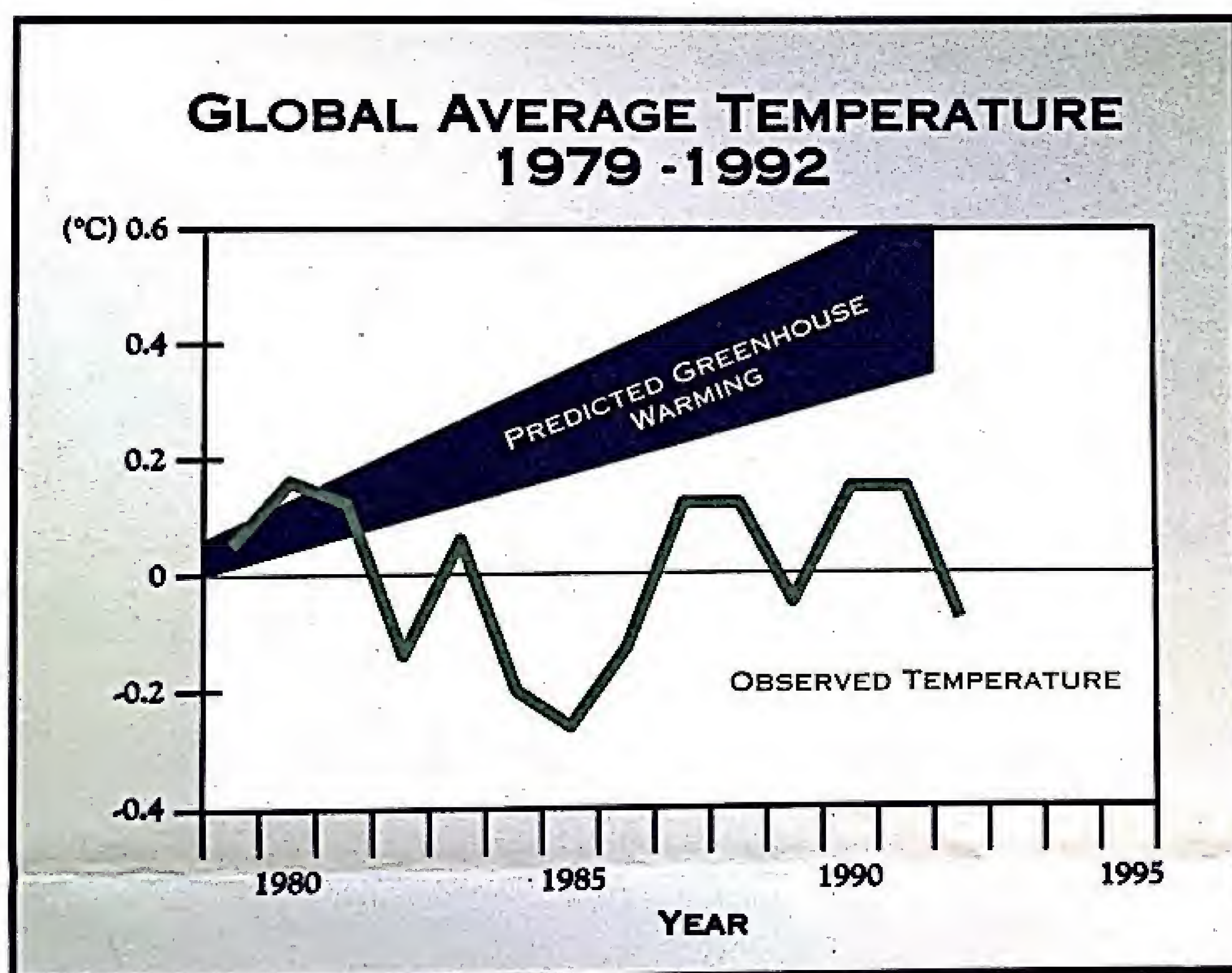
Dr. John Christy, associate professor of atmospheric science at the Earth System Science Laboratory at the University of Alabama in Huntsville, notes that these satellite readings call into question atmospheric computer models, which have continued to mis-predict global temperatures. Dr. Christy explains that if temperature readings are corrected for natural effects, "readings continue to show temperature changes that are one-fifth of what computer models indicate they should be." (See chart.)

Christy says that because all computer models are based on a number of assumptions, and these models cannot accurately reproduce actual temperature patterns, "evidently, some of [the assumptions] are incorrect."

As a result of the models' inability to even recreate observed conditions, many scientists, including Christy, caution against using these models as

the basis for establishing far-reaching policies until they can be improved. "Certainly these models have come a long way, but improvements must still be made before they will be useful," Christy says.

When asked whether the slight warming trend observed from land-based instruments is of significant interest or consequence, Dr. Christy points out that while the average composite temperature has risen slightly over the last year, from -0.216°C in 1992 to -0.169°C in 1993, it is still below the 10-year average. This may be an after effect of the Mt. Pinatubo eruption, which caused the declining global average temperatures to temporarily drop even farther.



These average decreases in temperature are mirrored in the overall record of temperature readings taken since 1979 by the satellites. The satellites show a global temperature variation of -0.067°C per decade. ●

STATE DEPARTMENT TO EXPLORE GREENHOUSE EMISSIONS REDUCTIONS FOR POST-2000 ERA

The U.S. State Department will host a conference on August 3 to examine the issue of reducing greenhouse gas emissions in the post-2000 era. Last February, the Clinton administration indicated that the United States may support changes to the United Nations Framework Convention on Climate Change that would commit nations to greenhouse gas emissions reductions beyond the year 2000.

Conference participants will also discuss the U.S. policy for the upcoming meeting of the U.N. Intergovernmental Negotiating Committee, scheduled to begin August 22.

Presenters at the conference will include representatives of the Department of State, the Department of Energy, the Environmental Protection Agency and the National Security Administration. Non-governmental organizations and industry representatives will serve as respondents to the presentations. Among the respondents will be GCC Executive Director John Shlaes and Connie Holmes, chair of GCC's International Committee. ●

Reporting Guidelines

Continued from page 1

emissions will in no manner damage the credibility of the program and will work to encourage more reporting of emissions reductions.

Shlaes also addressed the issue of confidentiality of trade secrets and privileged commercial and financial information. Shlaes noted that allowing trade associations and third parties to report reductions without specific attribution will be particularly useful for those companies faced with reporting confidential information.

DOE has set an August 1 deadline for the receipt of written comments on the proposed guidelines. Giving DOE at least 30 days to analyze the comments, the final rules could be published by the end of September. ●

Correction Notice: Due to a typographical error, *Climate Watch* wants to make a correction to the figures presented in the June issue. The article on global temperature readings taken by the Marshall Space Flight Center and the University of Alabama should have said that the decadal temperature trend was revised from -0.026°C to -0.056°C . This correction does not alter the fact that the average decadal temperature trend was twice as cold as had been previously thought. ●

DOE OPENS 'MARKETPLACE OF OPPORTUNITIES'

The Department of Energy is offering companies 24 different opportunities for training, technical assistance, funding and recognition as part of President Clinton's National Climate Change Action Plan. These programs are designed to improve a company's competitiveness and reduce operating costs as well as to reduce pollution. (See chart below.)

For more information, request "A Marketplace of Opportunities" brochure from The Green Room; Office of Energy Efficiency and Renewable Energy (EE-71); U.S. Department of Energy; Washington, DC 20585. Or call, 202-586-7541. ●

Emissions Reductions

Continued from page 2

Due to their rapidly growing emission rates, the report says, developing countries will have the greatest impact on the effectiveness of international climate agreements over the next several decades. While the interest of less developed countries thus far has been relatively high, the study notes that their continued commitment to agreements will have an increasingly serious impact on the effectiveness of international agreements.

In examining the models that are used to help set climate policy, the report adopts a skeptical tone on their utility for deciding important ques-

tions. "In a policymaking setting, the most constructive role models can play is to reduce the set of things that policymakers argue about, removing from the table those factual matters that are either well-known or insignificant for the decision to be made, and leaving those things that are either truly political, or important and uncertain." ●

Copies of the report, "Climate Treaties and Models: Issues in the International Management of Climate Change" (stock number 052-003-01373-8) are available for \$2.75 each from Superintendent of Documents, P.O. Box 371954, Pittsburgh, Pa. 15220-7054; FAX (202) 512-2250.

OPPORTUNITIES IN DOE-MANAGED CCAP PROGRAMS

DOE's CCAP Programs	Education & Training	Technical Assistance	Loans or Grants	Information Dissemination	Recognition	Pvt./Public Partnerships	Demonstration Projects
"Umbrella" Cross-cutting Programs							
Climate Wise	■	■		■	■	■	
Climate Challenge		■		■	■	■	
Commercial Energy Efficiency Opportunities							
Coordination of Rebuild America and EPA Energy Star Buildings	■	■	■			■	■
State Revolving Fund for Public Buildings			■		■		
Cost-Shared Demonstration of Emerging Technologies			■	■		■	■
Energy-Efficiency & Renewable Energy Information & Training	■			■		■	
Residential Energy Efficiency Opportunities							
"Golden Carrot" Market Pull Partnerships		■	■			■	
Enhanced Residential Appliance Standards							
Home Energy Ratings Systems & Energy-Efficient Mortgages	■				■	■	
"Cool Communities" Program in Cities and Federal Facilities		■		■		■	
Upgrading Residential Building Standards	■	■	■	■			
Energy Value Homes	■	■			■	■	
Industrial Energy Efficiency Opportunities							
Motor Challenge	■	■		■		■	■
"Golden Carrot" Programs for High-Efficiency Industrial Air Compressors, Pumps, Fans & Drives			■	■	■	■	
Accelerating Adoption of Energy Efficient Pollution Prevention Technologies for Industry	■		■			■	
Expand and Enhance Energy and Diagnostic Centers (EADGs)	■	■				■	
Accelerate Source Reduction, Pollution Prevention & Recycling		■	■			■	■
Energy Supply Opportunities							
Commercialize High Efficiency Gas Technologies		■	■			■	■
Renewable Energy Market Mobilization Collaborative & Technology Demonstrations		■		■		■	■
Promote Integrated Resource Planning	■	■	■	■		■	
Retain & Improve Hydroelectric Generation at Existing Dams						■	
Accelerated Development of Efficiency Standards for Electric Transformers							
Methane Reduction and Recovery Opportunities							
Expanded RD&D for Methane Recovery from Coal Mining						■	
Expanded RD&D for Methane Recovery from Landfills				■		■	

Adequacy Issue

Continued from page 1

public process as yet for the development of a U.S. position on the adequacy of treaty commitments. Indeed, according to officials at INC 9, the United States is just beginning to engage the public and the Congress in the development of ideas and approaches for the post-2000 era.

Finally, efforts initiated at INC 9 to bind COP 1 to a determination that the treaty is inadequate attracted some calls for amendments or protocols to the treaty that would mandate reductions of greenhouse gas emissions and establish other control measures for developed countries.

Such measures would be clearly beyond those called for in the U.S. Climate Change Action Plan, and would have an adverse effect on the U.S. and international economy, with the potential loss of hundreds of thousands of American jobs. The U.S. must be careful not to sign on to sweeping mandates under an international treaty that would have significant economic implications while there is still considerable scientific uncertainty.

The U.S. government should support the full process specified by the treaty for the review of the adequacy of commitments by the first Conference of the Parties. No predetermined conclusions should be made as to the outcome of that review, except to oppose any recommendations for treaty amendments or protocols regarding commitments during the present decade or in the post-2000 period.

"The U.S. must be careful not to sign on to sweeping mandates under an international treaty that would have significant economic implications...."

It is commonly agreed that the only hope for meeting the ultimate objective of the Framework

Convention rests with efforts involving the developing world. The limited financial resources of industrialized countries underscore the vital need for a

viable joint implementation program under the treaty, through which private sector interests can work with the developing world. Fostering a joint implementation program by providing clear incentives to encourage private-sector participation would be a major step toward this end.

U.S. business and industry can contribute to and benefit from participation in joint implementation projects. Such

efforts will help identify new markets and strong overseas partners, promote the exchange of technology and valuable information, reduce costs, bring sound rates of return on investments, and offer opportunities to diversify and obtain other commercial benefits. Joint implementation should be defined so as to encourage collaborative projects that make both economic sense and reduce greenhouse gas emissions. That is the spirit of the president's Climate Change Action Plan, a spirit American industry can enthusiastically support. ●

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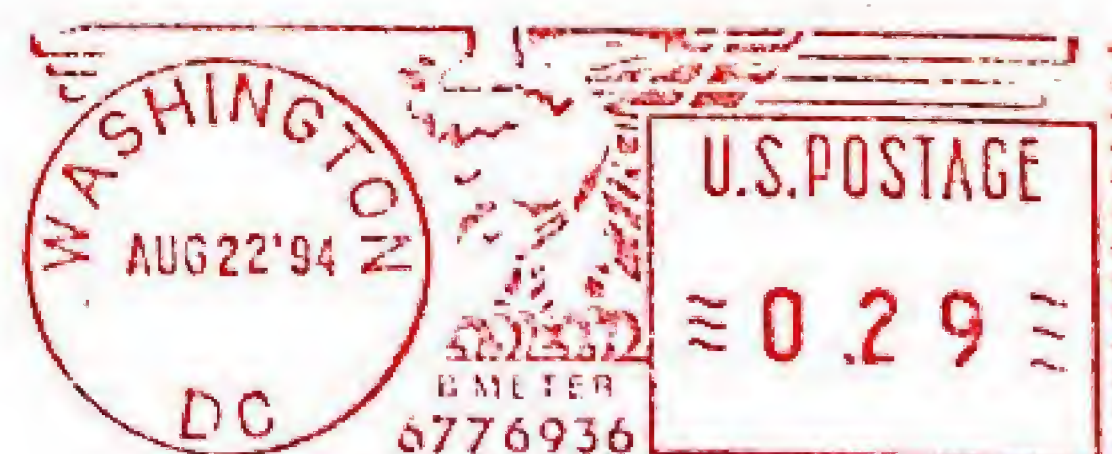
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